

**DEPARTMENT OF
FINANCE**

GRAY DAVIS, GOVERNOR

915 L STREET ■ SACRAMENTO CA ■ 95814-3706 ■ WWW.DOF.CA.GOV

July 18, 2003

RECEIVED

JUL 18 2003

**COMMISSION ON
STATE MANDATES**

Ms. Paula Higashi
Executive Director
Commission on State Mandates
980 Ninth Street, Suite 300
Sacramento, CA 95814

Dear Ms Higashi:

As requested in your letter of June 19, 2003, the Department of Finance (Finance) has reviewed the test claim submitted on behalf of the Sacramento Metropolitan Fire District (claimant) asking the Commission to determine whether specified costs incurred under the authority of Chapter 439, Statutes of 1991; Chapter 761, Statutes of 2000; Chapter 493, Statutes of 2002; and the Office of Planning and Research's (OPR's) Municipal Services Review Guidelines, are reimbursable State mandated costs (Claim No. CSM-02-TC-23, "Local Agency Formation Commission (LAFCO)"). The claimant asserts that the following activities are reimbursable State mandates:

- Contributing a portion of the Sacramento LAFCO's annual budget.
- Paying the LAFCO for processing the claimant's component of the LAFCO's municipal services review.
- Preparing municipal services review information as required by the LAFCO.

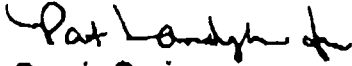
As a result of our review, we have concluded that the statute may have resulted in costs mandated by the State. If the Commission reaches the same conclusion at its hearing on the matter, the nature and extent of the specific activities required can be addressed in the parameters and guidelines which will then have to be developed for the program. However, we note the following:

- A special district may lawfully decline to sit as a member of its LAFCO.
- Although LAFCO independent special district election committee membership is required by law, special districts are not required to participate in the committee's activities; many are members in name only.
- LAFCOs have existing statutory fee authority that may be used to cover their operating costs. To the extent that LAFCOs elect to make use of this authority, LAFCO members would be relieved of the need to contribute toward the LAFCO's annual budget.
- LAFCOs have had statutory authority to require information of local agencies since 1965.
- OPR's municipal service review guidelines and appendices do not carry the force of law.

As required by the Commission's regulations, we are including a "Proof of Service" indicating that the parties included on the mailing list which accompanied your June 19, 2003, letter have been provided with copies of this letter via either United States Mail or, in the case of other State agencies, Interagency Mail Service.

If you have any questions regarding this letter, please contact Matt Paulin, Principal Program Budget Analyst at (916) 322-2263 or Keith Gmeinder, State Mandates Claims Coordinator for Finance, at (916) 445-8913.

Sincerely,


Connie Squires
Program Budget Manager


Attachments

Attachment A

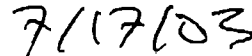
**DECLARATION OF MATT PAULIN
DEPARTMENT OF FINANCE
CLAIM NO. CSM-02-TC-23**

1. I am currently employed by the State of California, Department of Finance (Finance), am familiar with the duties of Finance, and am authorized to make this declaration on behalf of Finance.
2. We concur that excerpts from Chapter 439, Statutes of 1991; Chapter 761, Statutes of 2000; and Chapter 493, Statutes of 2002 relevant to this claim are accurately quoted in the test claim submitted by claimant and, therefore, we do not restate them in this declaration.

I certify under penalty of perjury that the facts set forth in the foregoing are true and correct of my own knowledge except as to the matters therein stated as information or belief and, as to those matters, I believe them to be true.



Matt Paulin
Principal Program Budget Analyst
Sacramento, CA



Date

PROOF OF SERVICE

Test Claim Name: Local Agency Formation Commission (LAFCO)
Test Claim Number: CSM-02-TC-23

I, the undersigned, declare as follows:

I, Meredith Campbell, am employed in the County of Sacramento, State of California, I am 18 years of age or older and not a party to the within entitled cause; my business address is 915 L Street, 8th Floor, Sacramento, CA 95814.

On July 18, 2003, I served the attached recommendation of the Department of Finance in said cause, by facsimile to the Commission on State Mandates and by placing a true copy thereof: (1) to claimants and non-state agencies enclosed in a sealed envelope with postage thereon fully prepaid in the United States Mail at Sacramento, California; and (2) to state agencies in the normal pickup location at 915 L Street, 8th Floor, for Interagency Mail Service, addressed as follows:

A-16
Ms. Paula Higashi, Executive Director
Commission on State Mandates
980 Ninth Street, Suite 300
Sacramento, CA 95814

B-8
State Controller's Office
Division of Accounting & Reporting
Attention: Michael Havey
3301 C Street, Room 500
Sacramento, CA 95816

B-29
Legislative Analyst's Office
Attention: Marianne O'Malley
925 L Street, Suite 1000
Sacramento, CA 95814

Sacramento Metropolitan Fire District
Mr. George B. Appel, Deputy Chief
2101 Hurley Way
Sacramento, CA 95825

A-08
Mr. Tal Finney
Office of Planning and Research
1400 Tenth Street, Suite 150
Sacramento, CA 95814

Ms. Pamela Stone
Maximus, Inc.
4320 Auburn Blvd., Suite 3000
Sacramento, CA 95841

Mr. Paul Minney
Spector, Middleton, Young & Minney, LLP
7 Park Center Drive
Sacramento, CA 95825

Mr. Keith B. Petersen
SixTen & Associates
5252 Balboa Avenue, Suite 807
San Diego, CA 92117

Mr. David Wellhouse
David Wellhouse & Associates, Inc.
9175 Klefer Blvd., Suite 121
Sacramento, CA 95826

Ms. Harmeet Barkschat
Mandate Resource Services
5325 Elkhorn Blvd. #307
Sacramento, CA 95842

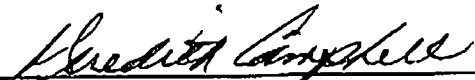
Mr. Steve Smith
Mandated Cost Systems, Inc.
11130 Sun Center Drive, Suite 100
Rancho Cordova, CA 95670

Ms. Annette Chinn
Cost Recovery Systems
705-2 East Bidwell Street, #294
Folsom, CA 95630

Mr. Leonard Kaye, Esq.
County of Los Angeles
Auditor Controller's Office
500 W. Temple Street, Room 603
Los Angeles, CA 90012

Ms. Cindy Sconce
Centration, Inc.
12150 Tributary Point Drive, Suite 140
Gold River, CA 95670

I declare under penalty of perjury under the laws of the State of California that the foregoing is true and correct, and that this declaration was executed on July 18, 2003 at Sacramento, California.


Meredith Campbell